Transactional versus Relational Customer Orientation: Developing a Segmentation Tool in the French Banking Industry An exploratory study

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The authors conduct an exploratory study in order to develop a measurement scale of customers' transactional/ relational orientation. The study is implemented in the context of French industry in both B.-to-C. and B.-to-B. environments. They show that transactional/ relational orientation can be measured following four dimensions: affective, technical, short-term and long-term dimensions. This scale is the first in this field and further research is necessary in order to improve its applications and functions. Moreover, this work remains limited in application to the French banking industry.

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Introduction

"*I don't call them and they don't call me*" (Barnes, 1997, p.771). Such a statement was the surprising answer to a question relating to good relationships in the B.-to C. banking industry. This example shows that customers may have different definitions of what a 'good relationship' constitutes. Indeed, one would expect this customer to consider that a good relationship is one with frequent interaction.

Such an example illustrates the fact that customers may react differently to the same type of relationship. Therefore, customers' segmentation should be based on attitudes towards relationships. This would help providers to better allocate their resources (time, money, interface employees, etc.), concentrating their relationship efforts on relational oriented customers (*versus* transactional oriented ones). Unfortunately, little empirical research has been conducted in this field to help providers to segment their customers. In 1997, Bendapudi & Berry still write *"given the lack of research in this area, it is currently not possible to segment customers on the basis of their receptivity to relationship maintenance"*.

Over the last twenty years, research in relationship marketing has focused mainly on suppliers' customer orientation (*e.g.*, SOCO scale by Saxe and Weitz, 1982) and on customers' relational benefits (*e.g.*, Gwinner & al., 1998). Only little research has been undertaken in order to define the customer orientation (transactional *vs.* relational). Relational benefits usually represent the customer's aims when entering a relationship. Since all customers do not wish to engage in a close relationship (Barnes, 1997), it would be interesting to study the customer relational orientation: the latter represents the customer's willingness to enter a relationship and to develop it with a long-term perspective.

The first indications of the distinction between relational and transactional orientation are due to Macneil (1980) and Jackson (1985). Macneil (1980) underlines the difference between *relational* contracts and *discrete* contracts while Jackson (1985) considers business *transactions versus* business *relations*. Usually, authors study the relational/ transactional customer orientation in three different approaches: (1) considering customer personality and global attitude towards the relationship (Perrien & Ricard, 1995, Ricard & Perrien 1996); (2) considering consequences of the relationship such as psychological, social, and economic benefits (Gwinner & al, 1998); (3) considering contextual elements such as service characteristics -importance, involvement, quality, complexity- (Berry, 1995).

The three approaches show that the relational orientation construct can be measured either by its consequences or by its antecedents. Our paper will focus on the latter.

The customer relational orientation may be perceived as a multidimensional construct: the first dimension is a functional/affective orientation continuum (*e.g.*, Beatty & al., 1996); the second one is a short-term/ long-term orientation continuum (*e.g.*, Macneil, 1980). The first dimension is represented by tangible elements (economic outcomes of a transaction, such as price) *versus* emotional elements (psychological variables) -e.g., Grönroos, 1990; Hakansson, 1982-. The second one is characterized by the customer's time orientation. Transactional customers tend to be more short-term and function-oriented, and relational ones tend to be more long-term and affective oriented.

The banking industry represents a good field of research, because of the intangibility of services and of the frequency of interpersonal interactions. The authors are developing a customer orientation scale in two different banking contexts: B-to-C and B-to-B relationships. Such a scale will allow us to draw conclusions primarily on the generalization of the construct.

The first section of this paper will present a literature review. Two types of research will be explored: (1) research studying suppliers' customer orientation and customer relational benefits (without segmenting the population) and (2) theoretical research introducing the segmentation between relational and transactional customers theoretically. In the second section, a presentation of the scale's development and of our methodology will be outlined in details (A set of 15 items has been developed and was tested in the two contexts). Finally, the authors will analyze and discuss the results and conclusions.

I. Literature Review

I.1. Lack of customer segmentation...

I.1.a. Suppliers' customer orientation: the SOCO scale

The adoption of the *marketing concept* is quite an old phenomenon. The marketing concept is a business philosophy which holds that long-term profitability is best achieved by focusing the coordinated activities of the organization towards satisfying the needs of particular market segment(s) (Gray & al., 1998). However almost no literature helps identify these market segments.

The adoption of this concept was first reported in industrial sales in the sixties (Saxe & Weitz, 1982). Years later, it achieved important success in the service industry.

One of the most famous works in this field has been conducted by Saxe & Weitz (1982) with the SOCO (Customer orientation of salespeople) scale. These authors measure the degree to which a salesperson engages in customer-oriented selling (*i.e.*, the degree to which salespeople implement the marketing concept by trying to help their customers make purchase decisions that will satisfy their needs). They demonstrate that highly customer-oriented salespeople avoid taking actions, which might dissatisfy customers.

Saxe & Weitz (1982) have identified six dimensions defining the customer orientation of salespeople: (1) A desire to help customers make wise purchase decisions; (2) helping customers assess their needs; (3) offering products that will satisfy those needs; (4) describing products accurately; (5) avoiding deceptive or manipulative influence tactics; (6) avoiding the use of high pressure.

In their conclusion, Saxe & Weitz (1982) suggest studying the relationship between customer orientation and customer satisfaction. They also suggest investigating the 'psychology' of salespeople.

Three years later, Michaels & Day (1985) extended Saxe and Weitz's work. In fact, they noticed that the SOCO scale was implemented with samples of salespeople who assess their own customer orientation and they believe it is more appropriate to implement the SOCO scale with customers themselves (Michaels & Day, 1985 , p.443). Using this scale, customers are able to assess the degree of customer orientation of salespeople with whom they deal.

Studies on market orientation have extended such work. Further research integrates the customer orientation into a more global concept: the firm's market orientation. Kohli and Jaworski (1990) define market orientation as the generation of market intelligence, the dissemination of such intelligence, and the organization-wide responsiveness to it. Narver and Slater (1990) complement this definition with three behavioral components: customer orientation, competitor orientation, and interfunctional coordination.

In summary, market orientation studies concentrate on the coordination and the management of the 4P's in order to make the companies more responsive in meeting customer needs (Gray & al., 1998). However, they are conducting an internal approach and they fall to investigate what the customer truly needs. Such an approach is opposed to customer-based marketing as it is described in the following section.

I.1.b. Customers' relational benefits

In marketing literature, benefits of long-term relationships are studied primarily from the firm's perspective. In fact, it is commonly recognized that continuous relationships lead to re-purchasing, low levels of customer turnover, decrease of costs, positive word of mouth, and finally increase of profits (e.g., Berry, 1995; Reichfeld & Sasser, 1990). However, more recently, research in relationship marketing has also focused on customers' relational benefits.

Gwinner, Gremler & Bitner (1998) examine the benefits customers receive as a result of engaging in long term relational exchanges with service firms. Findings from two studies across three categories of services indicate that consumer relational benefits can be categorized into three distinct types of benefits: **(1) social benefits**: beyond the benefits of the basic service, customers search for fraternization and likable relationships. Therefore, they are looking for certain personal recognition; **(2) psychological benefits**: they are often linked with comfort, feelings of security and particularly trust or confidence in the provider; **(3) customization benefits**: the final category of relational benefits relates to customization of the offered service. For regular customers, many service providers may tailor their services to meet particular needs. In some cases, this may be perceived by customers as preferential treatment. It also includes economic benefits such as discounts or price breaks. In addition to monetary benefits, non-monetary, and timesaving benefits were identified by the authors. Finally, these findings indicate that psychological (or confidence) benefits are the most important to consumers within all three categories of services. Social benefits are the second most important and customization benefits are perceived as the least important benefit for customers.

Overall, in summary, research in relationship marketing has focused on suppliers' customer orientation (e.g. SOCO scale) as well as on the consequences of relationships for customers, (*i.e.* on customers' relational benefits). Customer segmentation, based on their relational *versus* transactional orientation, has not been researched in these research projects.

I.2. The emergence of customer segmentation ...

Segmentation based on customers relational *versus* transactional orientation has only been studied empirically once at present, but it is not a new concept. Indeed, Macneil (1980) and Lovelock (1983) referred to it for the first time 20 years ago.

When segmenting customer into relational *versus* transactional oriented ones, authors usually use two different approaches: (1) an approach based on **contextual elements** such as relationship or service characteristics and (2) another one based on **psychological elements** such as a customer's personality and his/her global attitude towards the relationship.

I.2.a. Segmentation based on contextual elements

As early as 1985, Jackson claimed that *"relationship marketing (...) can be extremely beneficial when it is relevant, but can also be costly and ineffective when it is not".* Indeed, a relationship strategy is not necessarily valuable or interesting for all customers. In 1986, Jackson distinguishes two possible customer behavior schemes or models: She calls the first one the "distribution model". In this scheme, the customer who regularly buys a certain type of product can easily switch from one provider to another. The relationship exit costs are very low for the customer. Therefore, he has freedom to purchase from several providers. This kind of customer has a short-term vision of relationships and focuses on immediate results. "*Business transaction*" is, according to Jackson, a well-adapted system for this type of customer. The second behavior scheme described by Jackson is opposite the first. It implies that the relationship exit costs are so high that the customer is dependent on his major provider. He has, therefore, a vision of a continuous, long-term relationship and reaps long term results and benefits. "*Business relation*" is thus a well-adapted system for this type of customer. Jackson (1986) implicitly makes the distinction between relational customers (in favor of business relations) and transactional ones (in favor of business transactions). She bases this distinction on *contextual elements*, which are the business relationship *exit cost* levels.

In a theoretical paper, dated 1997, Bendapudi and Berry study the customers' motivations for maintaining relationships with service providers. The authors focus on the idea of relationship exit costs to explain the customer's attitude towards the relationship; furthermore, they add the level of the customer's dedication. They attempt to understand customer's motivations from an economic perspective (explaining continuance in terms of the costs and benefits of staying in the relationship *versus* leaving it) as well as the psychological perspective (focusing on the affective responses of a party in the relationship and on his/her dedication level). When a customer is dedicated to a relationship, he is less inclined to seek other alternatives and less receptive to competitors' offers. Therefore, we can hypothesize that dedicated customers are more relational oriented while others are more transactional. As shown in table 1, Bendapudi and Berry (1997) identify four combinations of motivation: (1) customers with a low level of dedication and constraints (they are unlikely to perceive the need for stable relationships and are transactional oriented); (2) customers with a low-level of dedication but with high levels of constraints (the relationship may persist because there are no alternatives for these transactional customers); (3) customers with a high-level of dedication and low-levels of constraints (they represent fundamentally relational oriented customers) ; (4) customers with a high-level of dedication and constraints (in this chart, they represent fundamentally relational oriented customers or may rationalize their constraints by dedication).

Table 1. Implications of constraints and dedication for relationship marketing

		Level of dedication	
		Low	*High*
Level of constraints	*Low*	Objective : Relationship formation	Objective : Relationship stability
	High	Objective : Relationship enhancement	Objective : Relationship nurturing

Source : Bendapudi et Berry (1997) - Simplified scheme

Bendapudi and Berry (1997) implicitly make the difference between relational and transactional customers using various levels of dedication and constraints. However, the authors consider that constraints come from dependence, while dedication comes from both trust and dependence. Therefore, in order to determine the relational orientation of customers, the researchers rely on *contextual elements* such as the *relationship characteristics* (trust, dependence) and not solely on customers' personalities.

While Jackson (1986) and Bendapudi & Berry (1997) segment customers on the basis of relationship characteristics (exit costs/level of constraints and dedication linked with dependence and trust), Berry (1995) argues about service characteristics. *"For continuously or periodically delivered services that are personally important, variable in quality, and/or complex, many customers will desire to be 'relationship customers'. High involvement services also hold relationship appeal to customers. Medical, banking, insurance and hairstyling services illustrate some (or all) of the significant characteristics - importance, variability, complexity and involvement - that would cause many customers to desire continuity with the same provider, and customized service delivery".* Berry (1995) evokes relational oriented customers using *service characteristics* but does not talk about transactional oriented ones.

In summary, when segmenting customers into relational *versus* transactional oriented ones, some authors use an approach based on *contextual elements* such as relationship characteristics (exit costs, level of constraints, dedication, trust and dependence) or service characteristics (importance, complexity, etc.). However, others use a different approach based on the *customer's personality* and his/her global attitude towards the relationship.

I.2.b. Segmentation based on customer's personality

Perrien & Ricard (1995) examine B.-to-B. relationships in the banking industry. After a qualitative study, the authors notice that two variables may moderate the development of a relationship strategy: (1) company's size (small firms seem to be less attractive than big firms) and (2) customer's personality (bankers admit that they cannot control this characteristic). Ricard & Perrien (1996) make the difference between relational and transactional people in order to better allocate the bank resources. For this segmentation, they rely on the *customer's personality* and on his/her global attitude towards the relationship.

As with Perrien & Ricard (1995), Beatty & al. (1996) study customer-sales associate retail relationships. They segment customers on the basis of their motivations. Hence, some customers are motivated in their purchases by social elements, (such as discussions, friendship, etc.), while others are more preoccupied by functional elements (such as product attributes, efficient and rapid purchases, etc.). The first category of clients is then considered as relational; the second one is more transactional oriented.

In the same way, Sheaves & Barnes (1996) consider that *"a relationship begins only when both parties are interested in forming a relationship. (...) a customer has to be willing to enter the relationship. (...) a firm risks alienating customers if it tries to force a relationship with customers who do not want one, and there may very well be customers who just do not want a relationship or whose definition of a relationship does not match that of the firm"*. The authors admit that different individuals may have different needs in a relationship; this being a permanent feature of their personality and not only an occasional one. Some customers avoid intimacy while others seek out intimacy with other people and wish to have a close, personal relationship with a firm and its employees. The implication is that the first group of customers is more transactional oriented while the second one is more relational oriented.

Barnes (1997), who examined the nature of relationships between providers of financial services and their retail customers, also states *that "not all customers wish to engage in close relationships"*. Barnes' quantitative study shows that the relationship between a customer and his bank depends on three factors: (1) the customer's attitude and psychological view of the relationship (intimacy, emotion, strength, intensity, etc.); (2) how the relationship is conducted (content, frequency of interactions, interpersonal contacts, etc.); (3) characteristics of the customer (various demographic and socioeconomic factors). Barnes (1997) shows empirically that some long term and/or satisfied customers do not develop close relationships with their bank because they are transactional oriented individuals. As his predecessors, Barnes supports the idea of segmenting markets based on the type of relationship that the customer desires.

Finally, Garbarino & Johnson (1999) study the relationships of satisfaction, trust and commitment to component satisfaction attitudes and future intentions for the customers of a New York off-Broadway repertory theater company. They consider that "customers vary in their relationships with a firm on a continuum from transactional to highly relational bonds". The authors show empirically that, for low-relational customers (individual ticket buyers and occasional subscribers), overall satisfaction is the primary mediating construct between the component attitudes and future intentions. For highly relational customers (consistent subscribers), trust and commitment, rather than satisfaction, are the mediators between component attitudes and future intentions. Hence, customers vary in their reactions and relationships with the same service or organization. Garbarino and Johnson (1999) implicitly suggest that customers' relational *versus* transactional orientation is therefore based on their own individual personality.

In summary, instead of basing customers' segmentation on relationship and/or service characteristics, Perrien & Ricard (1995), Ricard & Perrien (1996), Beatty & al. (1996), Sheaves & Barnes (1996), Barnes (1997) as well as Garabarino & Johnson (1999) rely principally - explicitly or implicitly - on the personality of the customer and the general attitude toward the relationship. We will examine this view in our research.

I.3. Definition of the transactional versus relational customer orientation

Our literature review has shown the development of a need to measure the customer's relational orientation. The following figure summarizes this evolution:

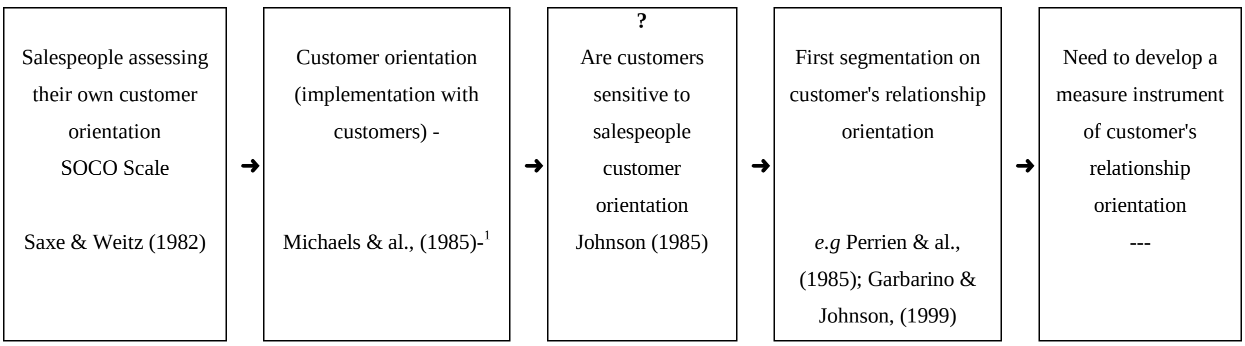

Figure 1 - A need for an intrument to measure relational orientation

[1] Salespeople customer orientation as seen by customers.

All the authors cited above describe implicitly or explicitly the difference between relational *versus* transactional relational customer orientation, but most of this research is theoretical. The authors justify the existence of this behavior in different manners (using contextual elements or psychological factor such as customer's personality). They do not give neither a clear definition of this concept nor any way to measure it.

Garbarino & Johnson (1999) give a very succinct definition of relational orientation, classifying customers by differences in their contractual relations (e.g., subscribers or individual theater ticket buyers). In doing so, they draw on Macneil (1980) and Dwyer, Schurr & Oh (1987)'s previous work.

We propose a more extended definition of relational orientation, based on its antecedents. Indeed, there are three different manners of measuring a construct: its antecedents, its manifestation, or its consequences. The choice of measuring the concept by its antecedents may be risky, since we need to make sure that we do not forget a dimension.

The customer relational orientation may be perceived as a multidimensional construct: the first dimension is a functional/affective orientation continuum; the second one is a short-term/ long-term orientation continuum.
The first dimension is represented by tangible elements (economic outcomes of transactions such as price) *versus* emotional elements (psychological variables) -e.g., Grönroos, 1990; Hakansson, 1982-. The second one is characterized by the customer's time orientation. Transactional customers should be more short-term and functional oriented and relational ones should be more long-term and affective oriented. We will return to these dimensions in the scale development presentation.

	Short-term	Long-term
Affective	?[2]	Relational
Technical[3]	Transactional	Relational (weaker)

Figure 2 - Relational orientation dimensions

We define the **relational orientation** of a customer as **a personality characteristic based on customer's affective, technical and time orientations.** Relational orientation is opposed to transactional orientation along the same continuum.

II. Methodology

II.1. Introduction

The scale was first developed in the B.-to-B. context. This development was based on the literature as well as on qualitative research (26 in-depth interviews on 13 dyads composed of small and medium scale companies (SME) representatives and their bank account managers of a large French bank[4]).

Both B.-to-B. and B.-to-C. seem to be relevant contexts for our subject of research. The B.-to-B. field has been defined in this study as organizations with less than 8.000.000 Euros of turnover. These organizations are quite small and decision-making power is assumed to be

[2] Does not exist?
[3] Grönroos' terminology (1990)
[4] The exploratory phase as well as the study on SMEs have been conducted by Prim, for more information, please contact this author.

centralized in the hands of one or a few people at most. These structures are between individuals (for whom the decision process is quite similar) and organizations (for whom the aims are similar). Moreover, the question of SME relational orientation has never been studied. Currently, it is therefore not possible to say that all SMEs representatives are relational oriented or not. Our study will be the first in this field. Conclusions may not be relevant to larger organizations. Nevertheless, it is very important to know this segment in more details as it represents the greatest potential for bank development on the French market.

Moreover, Webster (1984) states that there are two kinds of needs which guide the buyer's behavior: personal needs which motivate behavior, and social needs which define the kinds of activities which are acceptable in a social situation. We voluntarily focus on the first type of needs for the reasons explained above.

II.2. Hypothesized scale dimensions

We first developed the scale on literature elements and on an exploratory phase (where 13 dyads were interviewed: 13 SMEs representatives and their bank account managers). The exploratory phase aimed at better understanding the relationship between bank account managers and SME representatives. 43 items were generated for our scale.

Ricard (1995) has done some interesting work in measuring the "sensitivity to a relational approach". She bases her work on Moriarty & al. (1983) and Jackson (1986). Her measuring method is very simple (4 items) and takes into account two dimensions[5]. The first one is the importance given by the customer to service quality and relationship quality. The second one is the importance with regards to financial concerns (service fees and interest rates). We consider this scale as a milestone for our scale development. We did not include the interest rate item in our work. In the B.-to-B. context it would have been more relevant to discuss credit conditions (cf. our exploratory phase). Also, on the B.-to-C. market, interest rates concern only a small percentage of the population. Such an element is considered to be more closely linked with exit barriers.

[5] α=0.7 for the first dimension and 0.57 for the second one.

As we have stated previously, two dimensions emerge from the literature examination. The **first one** is a **temporal dimension**: Macneil (1978, 1980) differentiates discrete transactions from relational exchanges along several key dimensions. However, the most important one is linked to the fact that relational exchange develops over long periods of time. In consequence, relational oriented people will highly value long-term perspectives and transactional ones will prioritize current events (Bendapudi & al., 1997). Webster (1984) also emphasizes the importance of time writing that *"buyer-seller relationships in industrial marketing* ***develop*** *in the purchasing decision process and continue through negotiation of the sale and consummation of the transaction to post-sales service and* ***repeat orders****. (p.52)"*.

Time orientation can be captured through different measurements such as the importance given to loyal behaviors, stability orientation, and opportunity orientation (which is a short-term strategy). It was not possible to use the length of the relationship to measure relational orientation since we can consider that somebody entering a new relationship may be relational. He/she could have stayed 20 years in a previous relationship.

Macneil (1980) also emphasizes the importance given to **primary personal relations** in relational exchanges. In contrast, transactional people are more focused on **technical quality** (Gronroos, 1990). This concept was hypothesized as being the **second dimension** moving from outcome oriented people to process oriented people: outcome oriented people value the technical quality (the "what") and process oriented people value the functional quality (the "how" in Gronroos' terminology).

Bendapudi & al. (1997) note the importance of the psychological perspective in the relationship. Some authors such as Ganesan (1994) speak about the affective desire for a relationship to continue and last over a long period of time.

Both the affective and the technical dimensions of the industrial buyer-seller relationship clearly demonstrate that industrial marketing and selling strategies must often be directed towards individual customer organizations and not to mass markets (Webster, 1984). Such evidence indicates a **need for personalization** of the service delivered to the customer.

III.3. Scale development

We followed Churchill's recommendations for developing measurements of our marketing constructs (Churchill, 1979).

Four faculty experts judged the relevance of the items to the definition given to the relational orientation. They had to state if they considered the item (1) highly relevant to the concept, (2) relevant to the concept or (3) irrelevant to the concept. We rejected all of the items having two or more negative evaluations (*i.e.*, irrelevant to the concept).

At first, we tried adapting existing scales to our context (translation from English to French as well as adaptation to the bank industry context). But these scales did not pass the expert examination. For instance, to measure the customer's opportunism orientation (included in the short-term orientation), we adapted a scale proposed by Dwyer & Oh (1987)[6]. This scale was not considered "politically correct" in the French banking industry context.

Seven items came from an adaptation and translation into French of a scale developed by Williams and Spiro (1985)[7]. This scale was developed to measure the affective dimension of customer relational orientation as seen by the seller. This scale was also judged irrelevant to our research context.

Since we could not find any other useful scale, we used our exploratory work to generate complementary items. Two strategies were implemented: when possible, we directly imitated the customer's *verbatim*. When this was not possible, we reformulated ideas furnished by the customers during our qualitative interviews and identified in the content analysis. The method allowed us to develop an extra 31 items.

We then conducted qualitative pretests on a focus group composed of two former SME representatives, two former bank account managers, as well as on one current SME representative (face-to-face interview[8]). The scale (along with a complementary

[6] α=0.79
[7] α=0.89
[8] We went to see this person twice, in order to validate changes.

questionnaire) was also sent to three SME representatives for comments and completion of the data. Lastly, representatives from the bank we are working with validated the scale.

Using the experts' judgment and the qualitative pretests, 12 items were included in the first version of the scale plus three items proposed by Ricard (1995). As previously stated, the fourth item representing the importance given to interest rates was not included in the analysis. In the B to B questionnaire, this item referred to credit conditions. A qualitative analysis of 30 face-to-face interviews shows that credit condition importance depends primarily on companies' financial health (lack or excess of funds). In more detail: two items represented short-term orientation and three others long-term orientation[9]; three items were originally dedicated to the affective aspect of this dimension and three others to the technical side; and three items were included in the scale which originally come from Ricard's work (1995). These items consider the importance of service quality, of relationship quality, and of prices of service fees in a bank's evaluation.

The same scale was used for both B.-to-B. and B.-to-C. research projects. Nevertheless, some words were changed for synonyms in order to fit with each context common vocabulary.

One item was deleted before the statistical analysis because the interviewers noted some problems in administering the question. In addition, the percentage of non-response was quite high for this particular question. This item was inspired from Ricard's work (1995) and dealt with the issue of meeting his/her bank account manager for reasons other than business. Respondents often interpreted the question as surprising and negatively viewed it as tempting collision. One must note that all of the interviews, in the B.-to-B. research project, were conducted in a very large city and its close suburbs. Such characteristics may explain the lack of understanding for this question. The phenomena may be more prevalent in smaller towns.

[9] The number of items was limited since the questionnaire including this scale was long (one hour in length).

II.4. Results

II.4.1. Exploratory factor analysis

Exploratory factor analysis is useful in scale development. This first step is highly recommended by DeVellis (1995) and Churchill (1995). It constitutes a good technique for reducing a large number of indicators to a more manageable set. "*It is particularly useful as a preliminary analysis in the absence of sufficiently detailed theory about the relations of the indicators to the underlying constructs*" (Gerbing & Anderson, 1988, p. 189). A typical usage of exploratory factor analysis is to factor an overall set of items and then construct scales on the basis of the resulting factors loadings. Churchill (1979) also suggests that factor analysis can be used to suggest dimensions.

II.4.1.a. Field 1: Business-to-Business Context

Data was collected from 138 face-to-face interviews. The interviews were one hour long since this study was part of a larger research program. All of the items were presented in the middle of the questionnaire. Therefore, there was no lassitude effect in the answers.

A scale was shown to respondents as follows[10]:

1	2	3	4	5
Strongly disagree	Moderately disagree	Moderately agree	Strongly agree	Not concerned, Don't know

For the last three items the scale was as follows:

1	2	3	4	5
Not very important	Moderately important	Important	Extremely important	Not concerned, Don't know

The second scale did not start at "Not important at all" because qualitative pretests had shown that nobody would choose this answer.

[10] Translated from French

Factor analysis

The factor analysis (SPSS 8.0) used 117 questionnaires. We originally had 138 questionnaires but 21 of them included non-responses. We chose to eliminate them instead of taking the average answer on the item ('exclude cases listwise') as the remaining number was still sufficient to implement the analysis (> to 5xN, N = number of items in the original scale).

In order to insure the relevance of the method used in our data, two tests were conducted:

- Firstly, we used the Kaiser, Mayer & Aklin's test to check if a factorial analysis was relevant. The result must be between .5 and 1. We calculated .723.
- Secondly, Barlett's test was conducted and showed significance.

We used a factor analysis (principal component analysis) in order to derive a small number of items and to maximize the explained variance (Darpy, 1999).

Since the dimensions were hypothesized as dependent, we had recourse to an oblimin rotation.

After 5 iterations, the pattern matrix was acceptable, as well as the communalities –since all the factors were higher than .5 as recommended by Evrard & al. (1993)-. All of the results are presented in Annex 2.

Dimensions

DIMENSION 1 (QS, QR, A2)[11]

Items brought together by this component deal with quality, the importance of the role played by the bank account manager, and his/her personality. The emphasis is placed on the relationship. This dimension is linked to **affectivity in the relationship**. The presence of the service quality in this dimension is easily explained by the fact that interviewees perceived service as something delivered by a person. Because of the intangibility of service, they identified service delivery as the person rendering the service.

[11] Items are presented in annex 1.

DIMENSION 2 (T2, T1)

This component naturally brings together items related to **technical characteristics**. Products and financial services are prevalent to human aspects of the relationship. In other words, transactions are only based on products and services.

DIMENSION 3 (CT1, CT2)

The third component regroups items related to the **customer's short-term orientation**. This dimension represents the importance given by customers to competition and the sensitivity to promotions. Customers who have a high score in this dimension are those who highly value more short-term benefits.

DIMENSION 4 (T3, F1, LT3)

This fourth component is the most difficult to interpret. At first glance, they seem to be very inconsistent with each other. But if we consider their possible links, this component has some relevance. Without item F1, it could mean that loyalty programs are a way to get personalized service. Considering now all three items: F1 is related to service fees; usually customers become members to get better prices or other advantages. This remark was often mentioned in the interviewers' comments. Moreover, a qualitative analysis of the interviews shows that a majority of respondents considered membership as a long term-commitment. This **long-term commitment** is for them *a sine qua non* condition to be known by the bank and its employees, which is in itself a condition in obtaining tailored services.

Scale reliability

Cronbach’s alphas are fine for the three first dimensions (cf. Table 2). The fourth dimension is less satisfactory.

Nunnally (1967) suggests that in the early stages of basic research, reliabilities of .5 or .6 are sufficient. We are slightly below this recommended level for the fourth dimension. This is not very surprising since this dimension is the most difficult to interpret.

Table 2 – Cronbach's alphas

Dimension	α	
1	.6943	
2	.5238	
3	.5869	
4	.4706	.4690 without item LT3 .4037 without item F1

Scale validity

They are two types of validity: nomological and trait validities (Peter, 1981).

Trait validity:

Convergent validity: it is not possible to measure any convergent validity since we did not have any other similar scale measuring the same construct. Further investigation is needed in order to test discriminant validity.

Nomological validity:

It is based on the "*explicit investigation of constructs and measures in terms of formal hypothesis derived from theory; [… it is] primarily 'external' and entails investigating both the theoritical relationship between different constructs and the empirical relationship between measures of those constructs*" (Peter, 1981, p. 135).

In order to guarantee this validity, we asked different experts to evaluate the relevance of items to the constructs.

II.4.1.b. Field 2: Business-to-Consumer Context

1500 questionnaires were mailed to a large French bank customers all around the country. 93 questionnaires were returned. 18 of them included non-responses. They were eliminated from the factor analysis. The questions related to the 'relational *versus* transactional orientation scale' were part of a broader questionnaire.

The Likert scale used in the B.-to-B. context was also proposed to the B.-to-C. segment.

Factor analysis

The factor analysis (SPSS 8.0) used 75 questionnaires.

The Kaiser, Mayer & Aklin's test was .699, and the Bartlett's test showed significance.

We also used in this context a factor analysis (principal component analysis) as well an oblimin rotation (on the assumption of dependence between the different dimensions).

After 3 iterations, the pattern matrix was acceptable as well as the communalities. All of the results are presented in Annex 3.

Dimensions

DIMENSION 1 (A2, A1)[12]

Items brought together by this component deal with the bank account manager's personality and the customer's propensity to discuss with his/her bank account manager. Both items strongly reflect the **affective dimension** of the scale: they are closely linked with the individuals' personality characteristics and with interactions.

DIMENSION 2 (QS, F1)

This component regroups two items related to service quality and service fees. They reflect the **technical dimension** of the scale. Indeed, service quality in the B.-to-C. French banking industry context is considered as a basic element and not as a "plus". Service fees naturally represent a technical characteristic.

DIMENSION 3 (CT1, CT2, T2)

The importance given by customers to competition, to sensitivity to promotions as well as the importance of the bank account manager are included in this third dimension. They represent

[12] Items are presented in Annex 1.

the **short-term aspect** of the scale. In fact, to ask for more information, to be sensitive to promotions or to consider the account manager as non essential mean that the customer is not so far attached to the bank and to its employees.

DIMENSION 4 (LT1, LT2, T3, A3)

This dimension reflects stability. It includes the attachment to the account manager, the propensity to loyalty, the willingness to get personalized service and the importance of a good relationship. All these elements characterize a **long-term commitment** of the client.

Scale reliability

Cronbach's alphas are satisfying for all four dimensions (Cf. Table 3)

Table3 - Cronbach's alphas

Dimension	α
1	.5436
2	.5296
3	.7113
4	.7209

Scale validity

The same criteria as for the B.-to-B. context have been applied.

III. Discussion

This study is a first step in the elaboration of a transactional / relational orientation scale. Instead of having two dimensions, it appears that we have four (short-term, long-term, affective and functional). Indeed, when we have a look at scatterplots, we see that the affective dimension is not totally exclusive from the technical one, and that the short-term orientation is not totally exclusive from the long-term one. Therefore, they are not two ends of the same continuum.

The four dimensions are the same in both contexts but do not exactly bring together the same items. These differences reflect some characteristics of each context. B.-to-C. customers seem to be more human relation oriented while B.-to-B. customers appear to be more rational. For instance, the items which characterize the **long-term dimension** in the B.-to-C. context seem to be stronger than the ones characterizing the B.-to-B. environment. Moreover, items LT1, LT2 and A3 in the B.-to-C. study reflect the individuals personality whereas items T3, F1 and LT3 in the B.-to-B. research project represent more the relationship functioning.

Concerning the **short-term dimension**, results are quite similar: items CT1 and CT2 are included in both contexts. This dimension has an extra item in the B.-to-C context: T2. This reinforce the short-term aspect of the dimension.

The **technical dimension** of the scale is different from one context to the other. B.-to-C. customers give more attention to service quality and service fees. B.-to-B. clients base more their evaluation on the basic offer of the bank and on the role (essential or not) played by the bank account manager. Items QS and F1 (B.-to-C.) focus on the exchange process while items T1 and T2 (B.-to-B.) focus on the exchange object. In fact, T1 and T2 reflect the prevalence of the basic offer of the bank on the intervention of the account manager.

Finally, as well as for the long-term dimension, items representing the **affective dimension** in the B.-to-C. context seem to be stronger than the ones in the B.-to-B. environment. Indeed, item A1, relating to propensity to discuss with the account manager, reinforce this affective aspect. Comments collected during the interviews may explain the presence of the QS item in the B.-to-B. context: SME representatives very often assimilated service quality to relationship quality.

In summary, the four dimensions obtained in both contexts are close to what was expected. These dimensions can be interpreted in the same way even if they do not contain exactly the same items. This difference does not mean that private clients are more relational than professional ones (or conversely) but mean that they have different definitions of what a relational or a transactional orientation is. The main conclusion is that we need two different tools reflecting these differences. Indeed, it appears that SME representatives give value to relationships but are more rational than private customers.

IV. Further research…

This work needs further research. First of all, it needs a confirmatory analysis. AMOS would allow this work, but we need to collect more data in order to have larger samples.

At present, it is still too early to develop a norm, strictly defining who is relational and who is not. Our samples are too small and it is only the first development of such a scale. In the short-term, we will use the scale in the following way: we will only use two groups in our studies. The first group will be composed of the third of the sample having the smallest score on the scale. The second group will be composed of the third of the sample having the highest score on the scale. In this way, it will be possible to identify and analyze differences in behaviors due to relational/ transactional orientation.

However, using this method, we do not take into account people who are not strictly relational or strictly transactional. In fact, we consider, in our research, customers orientation as a personality characteristic based on their affective, technical and time orientations; then, it is not a rational and simple concept. Some individuals may be relational for a particular banking product or service and transactional for another one. Therefore, further empirical research should be conducted to study this *third group* of customers.

As we can see, this study shows that not everybody is relational oriented. This may be true in the B.-to-B. context because we took in our samples only SME's. They represent small organisations where the decision-making power is centralised in the hands of one or two persons. Another area for further research is to study customers' orientation with a sample of larger companies. Results may be different.

Finally, this research has been conducted in the *French* banking industry, which certainly presents some particular national characteristics. It could be interesting to conduct it in the banking industry of others countries. Cultural differences may affect the relational *versus* transactional orientation of customers. It could be also possible to conduct this study in other fields of research such as insurance or any other service sectors. People may react differently according to the used service.

Nevertheless, this work is a first step in the evaluation of relational/transactional orientation. Such an evaluation is of importance in both B.-to-B. and B.-to-C. contexts in a managerial perspective. Indeed, it will allow the segmentation of marketing strategies – and particularly relationship marketing strategies - according to customer’s expectations as well as a better allocation of resources. Therefore, it represents a valuable segmentation tool.

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ANNEX 1 - SELECTED ITEMS

Dimension	Variable	B.-to-B. context items	Variable	B.-to-C. context items
Affective	• QS • QR • A2	• When you evaluate your bank, the service quality is… (not very important; extremely important)? • When you evaluate your bank, the relationship quality is… (not very important; extremely important)? • For us, our bank account manager's personality is at least as important as the bank's customer services	• A2 • A1	• For me, my bank account manager's personality is at least as important as the bank's customer services • In general, I like to discuss with my bank account manager
Technical	• T1 • T2	• No matter who our bank account manager is, what is most important to us is the range of basic services offered by the bank • We could manage our bank transactions without the intervention of a bank account manager	• QS • F1	• When you evaluate your bank, the service quality is… (not very important; extremely important)? • When I evaluate my bank, the service fees are… (not very important; extremely important)?
Short-term	• CT1 • CT2	• We regularly seek information from several other banks • We are very receptive to promotional offers that other bank may propose to us	• CT1 • CT2 • T2	• I regularly seek information from several other banks • I am very receptive to promotional offers that other bank may propose to me • I could manage my bank transactions without the intervention of a bank account manager

Long-term	• T3 • F1 • LT3	• We believe that our bank account manager must deliver personalized services • When you evaluate your bank, the service fees are… (not very important; extremely important)? • If the bank had a customer loyalty program, we would become subscribers	• LT1 • LT2 • T3 • A3	• I do not like to change too often my bank account manager • I am loyal in my business relationships • I believe that my bank account manager must deliver personalized services • A good relationship with my bank account manager is essential for me.

ANNEX 2 – SAMPLE FACTOR ANALYSIS OUTPUT (B.-to-B. context)

Descriptive statistics

Measures were going from 1 to 4

	Mean	Std. Deviation	Analysis N
T1	2.6325	1.0554	117
A2	3.5043	.7147	117
CT1	2.4444	1.2349	117
CT2	2.5214	1.1715	117
T2	2.7265	1.1113	117
LT3	2.9915	.9423	117
T3	3.4359	.7118	117
QS	3.5299	.5345	117
QR	3.5043	.6106	117
F1	3.4444	.7125	117

Communalities

	Initial	Extraction
T1	1.000	.621
A2	1.000	.626
CT1	1.000	.758
CT2	1.000	.692
T2	1.000	.730
LT3	1.000	.518
T3	1.000	.558
QS	1.000	.748
QR	1.000	.764
F1	1.000	.496

Extraction method: Principal Component Analysis

Total variance explained

	Initial eigenvalues			Extraction sums of squared loadings			Sum
Component	Total	% of variance	Cumulative %	Total	% of variance	Cumulative %	Total
1	2.406	24.056	24.056	2.406	24.056	24.056	2.091
2	1.544	15.445	39.501	1.544	15.445	39.501	1.535
3	1.469	14.691	54.191	1.469	14.691	54.191	1.491
4	1.091	10.905	65.097	1.091	10.905	65.097	1.739
5	.897	8.971	74.068				
6	.728	7.276	81.344				
7	.607	6.071	87.415				
8	.510	5.099	92.515				
9	.410	4.098	96.613				
10	.339	3.387	100.00				

Extraction method: Principal component analysis

Pattern matrix

	Component			
	1	2	3	4
QS	**.858**	-.128	-.221	
QR	**.799**		.110	.224
A2	**.701**	.229	.177	
T2		**.834**		.225
T1		**.745**	-.115	-.179
CT1		-.265	**.982**	
CT2		.227	**.784**	-.115
T3	.120			**.705**
F1			-.156	**.693**
LT3			.196	**.687**

Extraction method: principal component analysis

Rotation method: Oblimin with Kaiser Normalization

Component correlation matrix

Component	1	2	3	4
1	1.000	-.186	$-4.208^{E}-03$	.205
2	.186	1.000	$2.267^{E}-02$	$-3.237^{E}-02$
3	$-4.208^{E}-03$	$2.267^{E}-02$	1.000	$5.294^{E}-04$
4	.205	$-3.237^{E}-02$	$5.294^{E}-04$	1.000

Extraction method: principal component analysis

Rotation method: Oblimin with Kaiser Normalization

ANNEX 3 – SAMPLE FACTOR ANALYSIS OUTPUT (B.-to-C. context)

Descriptive statistics

Measures were going from 1 to 4

	Mean	Std. Deviation	Analysis N
A3	3.600	0.4932	75
LT1	3.640	0.5363	75
LT2	3.4267	0.5736	75
T3	3.4933	0.6233	75
CT2	2.4933	1.0050	75
T2	2.1733	0.8910	75
A1	3.2533	0.7727	75
A2	3.4133	0.6797	75
CT1	1.8800	1,0261	75
QS	3.6133	0.6128	75
F1	3.3467	0.7797	75

Communalities

	Initial	Extraction
A3	1.000	0.706
LT1	1.000	0.647
LT2	1.000	0.662
T3	1.000	0.613
CT2	1.000	0.627
T2	1.000	0.536
A1	1.000	0.711
A2	1.000	0.739
CT1	1.000	0.644
QS	1.000	0.573
F1	1.000	0.729

Extraction method: Principal Component Analysis

Total variance explained

	Initial eigenvalues			Extraction sums of squared loadings			Sum
Component	Total	% of variance	Cumulative %	Total	% of variance	Cumulative %	Total
1	2.597	23.609	23.609	2.597	23.609	23.609	2.226
2	2.339	21.262	44.870	2.339	21.262	44.870	2.243
3	1.236	11.241	56.111	1.236	11.241	56.111	1.662
4	1.013	9.214	65.325	1.013	9.214	65.325	1.521
5	0.820	7.451	72.776				
6	0.617	5.605	78.381				
7	0.586	5.329	83.710				
8	0.525	4.775	88.485				
9	0.487	4.427	92.912				
10	0.416	3.779	96.691				
11	0.364	3.309	100.000				

Extraction method: Principal component analysis

Pattern matrix

	Component			
	1	2	3	4
A3	**.799**		-.197	
LT1	**.698**	-.233	.183	.115
LT2	**.667**	.370		.144
T3	**.610**	-.163	.511	-.119
CT1		**.791**		-.101
CT2	.177	**.743**		-158
T2	-.125	**.694**		.200
QS			**.756**	
F1		.347	**.755**	
A2	.110	.172		**.817**
A1		-.399		**,707**

Extraction method: principal component analysis

Rotation method: Oblimin with Kaiser Normalization

Component correlation matrix

Component	1	2	3	4
1	1.000	-1.60E-02	.140	.202
2	-1.60E-02	1.000	7.959E-02	-5.09E-02
3	.140	7.959E-02	1.000	.109
4	.202	-5.09E-02	.109	1.000

Extraction method: principal component analysis

Rotation method: Oblimin with Kaiser Normalization